

## Message Text

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PAGE 01 STOCKH 00410 281243Z

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02  
CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04  
CEA-01 L-03 H-02 DODE-00 PA-02 PRS-01 AGRE-00 INT-05  
/107 W

-----290131Z 086930 /20

R 281120Z JAN 77

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9652

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

UNCLAS STOCKHOLM 410

E.O. 11652: N/A

TAGS: ELAB, SW

SUBJECT: WORK CUTBACK SPREADING IN SWEDISH INDUSTRY

1. REPORTS IN RECENT DAYS OF REDUCTIONS IN WORKING HOURS ARE AN UNMISTAKABLE SIGN OF GROWING ECONOMIC DISTRESS WITHIN SWEDISH INDUSTRY. METALWORKERS UNION HAS ESTIMATED THAT AT LEAST 45,000 INDUSTRIAL WORKERS ARE NOW OR WILL SOON BE FORCED TO GO ON A SHORTENED WORK WEEK AND THAT 4-DAY WEEK IS BECOMING MORE AND MORE COMMON IN ENGINEERING AND STEEL INDUSTRIES. ON JANUARY 26 VOLVO ANNOUNCED THAT IT WILL LAY OFF 6,300 PRODUCTION WORKERS IN PLANTS THROUGHOUT THE COUNTRY DURING A ONE-WEEK SCHOOL HOLIDAY BEGINNING END OF FEBRUARY.

2. AS WE HAVE REPORTED BEFORE, THE OFFICIAL SWEDISH JOBLESS RATE - 1.5 PERCENT IN DECEMBER BASED ON 61,000 REGISTERED UNEMPLOYED - CONCEALS TRUE STATE OF LABOR MARKET. IT REPRESENTS ONLY A MINORITY WHO FOR ONE REASON OR ANOTHER HAS FALLEN OUTSIDE THE HUGE SAFETY NET MADE UP OF WIDE RANGE OF GOVERNMENT-FINANCED OR SUBSIDIZED JOB MAINTENANCE AND UNCLASSIFIED

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CREATION MEASURES. MUCH MORE ACCURATE PICTURE IS PROVIDED FOR DECEMBER IF WE ADD TO THE FIGURE OF 61,000 THOSE 50,000 IN TRAINING COURSES, 31,000 IN WORK RELIEF PROJECTS AND 27,000 IN SHELTERED AND SEMI-SHELTERED WORKSHOPS. ALTOGETHER THIS AMOUNTS TO ABOUT 170,000 OR 4 PERCENT OF LABOR FORCE. ACCORDING TO ROUGH OFFICIAL ESTIMATE, OTHER MEASURES (PRODUCTION FOR

STOCKPILING, ETC.) HAVE KEPT OFF JOBLESS ROLLS A FURTHER 1 1/2 PERCENT OF LABOR FORCE. THUS, ONE CAN SAY THAT WITHOUT GOVERNMENT INTERVENTION SWEDEN WOULD HAVE HAD AN APPROXIMATE 5-1/2 PERCENT UNEMPLOYMENT RATE LAST MONTH. USING SAME METHOD OF CALCULATION RATE WOULD CERTAINLY BE HIGHER TODAY.

3. GOS IS HIGHLY SENSITIVE TO DARKENING EMPLOYMENT SITUATION AND IS EXPECTED VERY SOON TO PRESENT SPECIAL SET OF PUMP-PRINTING PROPOSALS TO DEAL WITH IT. MINISTER OF LABOR AHLMARK PRESENTED JANUARY 27 A PRELIMINARY PACKAGE OF 1.5 BILLION KRONOR TO INCREASE RE-TRAINING GRANTS TO INDUSTRY, SUBSIDIZE EARLY PROCUREMENT BY MUNICIPAL AND LOCAL GOVERNMENTS, PROVIDE ADDITIONAL RELIEF WORK PROGRAMS, AND EXPAND LABOR MARKET BOARD TRAINING PROGRAMS. MINISTER OF INDUSTRY ASLING PROMISES TO PRESENT SOON A LARGE PROGRAM TO HELP INDUSTRY, PARTICULARLY THOSE WHICH NEED RESTRUCTURING -- I.E., A REDUCTION IN CAPACITY -- SUCH AS TEXTILES, SHIP BUILDING, IRON AND STEEL.  
SMITH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Review Markings:**  
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